

Proposed Legislation for Improving California Energy Independence

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Situation: California is far behind other parts of the US and the US is far behind some other countries in the use of renewable energy. The use of California ethanol reduces the need for imported oil and the net flow of dollars to the unstable Middle East.

California currently consumes more than 20% of not only gasoline but also imports from other states more than 20% of the US production of ethanol. The demand is expected to increase greatly.

There is growing awareness in the financial markets and the renewable energy industry that “destination” plants which can produce ethanol and bio diesel in the high fuel consuming states, have advantages.

Net energy producing states, also tend to have economic advantages over net energy consuming states.

Among the renewable energy forms, ethanol is the most useful and usable in the state’s existing petroleum liquid fuels infrastructure. It blends with gasoline (and improves it), mixes with diesel and next year will be used in 100% form as the official fuel for the Indy 500.

To accelerate the use of ethanol and reduce the need for crude oil in the state with a target of matching the success of Brazil we suggest the following legislation;

- 1. Matching funds for ethanol project feasibility studies for plants to be located in California exceeding 50 million gallons per year if conducted by California consultants.**
- 2. Giving counties and cities specific guidelines for compliance with the California Environmental Quality Act and Clean Air and Clean Water standards for “fast tracking” permits for ethanol projects.**

- 3. Providing tax incentives for California ethanol plants whose output is sent to California blenders.**
- 4. State grants for equipment required to meet air and water quality standards for ethanol plants in non-attainment areas of the state.**
- 5. Provide incentives to blenders to blend to E-10.**
- 6. Require use of E-85 for passenger vehicles sold in California after January 1, 2015.**
- 7. Provide incentives for establishment of E-85 pumps at all new or reconstructed automobile fuel service stations after January 1, 2010.**
- 8. Provide incentives for California growers who produce and sell feedstock to California ethanol producers.**
- 9. Provide incentives for users of California ethanol plant products.**
- 10. Provide incentives for shippers of California ethanol plant products.**
- 11. Windfall profits tax for petroleum refiners selling gasoline in California containing foreign ethanol.**
- 12. Implement a state program to remove from service and prohibit registration of vehicles with engines not capable of passing emission standards consistent with use of E-10.**
- 13. Provide investment tax credits for ethanol plant capital investment.**
- 14. Provide for California state income tax credits for purchase of E-85 vehicles.**
- 15. Provide a 5 year tax holiday for ethanol plants in California**
- 16. Recommend that Calpers invest in California ethanol plants.**
- 17. Give California investors an ITC for 100% of their investment.**

**Submitted by American Ethanol Inc.
Santa Maria**